

DEPARTMENT OF INSURANCE

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May 18, 2005

Subject: Data Call for Information on California Community Development Investments

Dear CEO:

Insurance industry investments in community development bring economic stability and opportunity for less prosperous families and neighborhoods while opening up new and healthy markets for insurance products. I believe all companies have the responsibility, as good corporate citizens, to commit the time and effort to invest some portion of their assets in ways that help communities most in need of capital. I know many insurers have long shared this commitment.

I am issuing a Data Call to gather information on insurance industry investments benefiting California's low-to-moderate income individuals and communities. I will use it to identify and recognize the dedication of those companies making investments that bring hope and opportunity to often over-looked communities.

One of my top priorities has been to assure that economically struggling communities have access to all forms of insurance and to encourage the industry to provide leadership in helping to revitalize these communities through their investment activities. In January 2005, I presented the California Organized Investment Network (COIN) "Roadmap for Success" to foster its mission to promote increased industry investment in low-to-moderate income communities. Developed with industry and community input, the Roadmap envisions an active role for all of us – industry, communities, and my department working collaboratively to support meaningful increases in insurer community investment and the development of profitable partnerships between companies and community organizations.

This year I am sponsoring legislation (AB 925 – Ridley-Thomas), known as the "California Insurance Community Investment Act," which would require insurers to invest in low-to-moderate income communities. After hearing the concerns of the industry that many companies may have made, but not reported, investments at the level proposed in the bill, the author and I decided to defer consideration of the bill until January 2006. This will allow time for the collection of more accurate data to use as a basis for our determining how to proceed with the legislation.

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Our experience has been that when companies take the time to understand the many types and forms of community investing, they often discover they are already making investments that make a difference in less prosperous communities. With this knowledge, they are able to craft a community investing policy that is well within existing investment practices – yet goes further in bringing hope to these families and neighborhoods.

The information needed to respond to the Data Call, identified as the CIS 2005 Statistical Plan, is being provided to the NAIC annual statement contact in each company. I ask you to commit the staff time needed for the results of this Data Call to be as complete and accurate as possible. I am confident you will find it well worth the effort.

Many companies engage in philanthropic activities to help lift communities up and some have suggested that this should be acknowledged. In addition, the Department received a petition from an advocacy group requesting me to obtain information on community investing and philanthropy and I have granted that petition in part. Therefore, the Data Call includes a request for the largest companies - and an opportunity for all companies - to provide information on philanthropic activities.

I know you share my commitment to the goal of improving life and creating hope and opportunity in California's underserved communities. Working together we can make a difference in communities across California while the industry enjoys fair returns on their investments and new, profitable business opportunities.

If you have any questions, please contact Delores McKinnon, COIN Director, at (916) 492-3525.

Sincerely,

JOHN GARAMENDI
Insurance Commissioner